

# **SAN CARLOS APACHE TELECOMMUNICATIONS UTILITY, INC. ELIGIBLE TELECOMMUNICATIONS CARRIER ANNUAL REPORT**

The following is the annual report for San Carlos Apache Telecommunications Utility, Inc. (SCATUI or the Company) in compliance with 47 C.F.R. § 54.209. As a tribally owned company, SCATUI is not subject to the jurisdiction of a state regulatory authority. Consequently, SCATUI was designated as an eligible telecommunications carrier (ETC) by the Federal Communications Commission (Commission) under section 214(e)(6) on February 27, 1998.<sup>1</sup> This report contains accurate facts as attested to by Appendix A.

## **§ 54.209(a)(1) Five-Year Service Improvement Plan**

SCATUI is a wireline incumbent local exchange carrier (ILEC) that received its ETC designation in 1998 (prior to the adoption of § 54.209), and filed a five-year plan in 2006 with its first annual report. SCATUI's study area consists of only one exchange, San Carlos; however, the exchange covers the entire San Carlos Apache Reservation area (Reservation), approximately 2,854 square miles in Southeastern Arizona. The Company has one wire center (CLLI code PRDTAZ01DSO). A map of the Company's service area is included as Appendix C to this filing.

As described in previous reports, SCATUI has made significant capital investments and network improvements since acquiring the exchange from U.S. West and beginning operations as an ILEC. At that time, the U.S. West exchange area encompassed only about 25% of the total Reservation area, and the plant in service did not provide service coverage to all portions of the exchange. After acquisition of the exchange, SCATUI has increased its customer base from 607 customers to currently over 2,500 residential and business customers<sup>2</sup>. SCATUI has brought quality service and the availability of advanced services to its customers, even though the difficult and mountainous topography, distance between rural communities, and geographically-scattered housing developments significantly increase the expense of constructing, operating, and maintaining reliable communication networks on the Reservation.

The following chart is SCATUI's updated five-year service improvement plan chart which shows the actual capital expenditures made during 2006, 2007, 2008, 2009 and the updated projection for 2010. The 2009 actual capital expenditures related to loop facilities reflects the installation of drops to thirty five homes in new housing developments. Building and land expenditures include flood control improvements to the land to protect the company building and equipment after major flooding damaged the terrain (including the loss of culverts) between the roadway and company building. Other building expenditures include the purchase of two air conditioning units. Vehicle and equipment expenditures included the replacement of work equipment, including a cable locator.

---

<sup>1</sup> See *Designation of Fort Mojave Telecommunications, Inc., Gila River Telecommunications, Inc., San Carlos Apache Telecommunications Utility, Inc., and Tohono O'odham Utility Authority as Eligible Telecommunications Carriers Pursuant to Section 214(3)(6) of the Communications Act*, Memorandum Opinion and Order, 13 FCC Rcd 4547 (CCB 1998.)

<sup>2</sup> There are only a small number of private businesses on the Reservation and the majority of residential customers are Lifeline subscribers since approximately 72% of the Reservation's residents live at or below the poverty line.

The proposed capital expenditures in 2009 had been reduced from the original proposal. Likewise, the proposed expenditures for 2010 have been reduced. SCATUI had anticipated the approval of a RUS-D loan package requesting approximately \$7 million for copper and fiber facility reinforcement for existing customers. However, the RUS-D loan package missed the 2009 window for funding and in 2010 RUS returned the loan application to SCATUI for resubmission, advising that the future loan request should include only fiber to the premise (FTTP) facilities. The Company plans to reapply for the RUS-D loan for facility improvements to existing customers.

In 2010 SCATUI was awarded a \$5.2 million grant and \$5.2 million RUS loan through the Broadband Initiatives Program (BIP) to, among other things, provide FTTP to five new communities, a new hospital and multiple doctor facilities that are currently unserved. BIP funding will also be used to build new tower sites to provide cell phone and broadband Internet services to residents and emergency service personnel to very remote areas of the reservation that are unserved.

SCATUI received approximately \$2.2 million in high-cost universal service support during calendar year 2009.

### **SCATUI Five-Year Service Improvement Plan**

| <b>SCATUI's Capital Expenditures</b> | <b>Actual</b>      | <b>Actual</b>      | <b>Actual</b>      | <b>Actual</b>    | <b>Proposed</b>  | <b>Proposed</b>               |
|--------------------------------------|--------------------|--------------------|--------------------|------------------|------------------|-------------------------------|
|                                      | <b>2006</b>        | <b>2007</b>        | <b>2008</b>        | <b>2009</b>      | <b>2010</b>      | <b>Total Cost<sup>3</sup></b> |
| <b>OSP Projects</b>                  |                    |                    |                    |                  |                  |                               |
| Loop Facilities                      | \$1,500,000        | \$1,200,000        | \$4,277,000        | \$116,000        | \$328,000        | \$4,200,000                   |
| Building & Land                      | \$655,000          | \$950,000          | \$253,128          | \$126,000        | \$59,000         | \$1,690,000                   |
| <b>Switch</b>                        |                    |                    |                    |                  |                  |                               |
| Softswitch Upgrade                   | \$269,000          | \$21,000           | \$563,018          | \$0              | \$0              | \$487,000                     |
| <b>Digital Loop Carrier</b>          |                    |                    |                    |                  |                  |                               |
| Upgrade and install new DLCs         | \$750,000          | \$0                | \$0                | \$53,000         | \$124,000        | \$1,770,000                   |
| <b>Transport Network</b>             |                    |                    |                    |                  |                  |                               |
| Sonet OC-48 Network                  | \$250,000          | \$0                | \$523,399          | \$0              | \$0              | \$400,000                     |
| <b>Miscellaneous</b>                 |                    |                    |                    |                  |                  |                               |
| Vehicles & Equipment                 | \$57,000           | \$56,000           | \$0                | \$30,000         | \$252,000        | \$562,000                     |
| Engineering                          | \$460,000          | \$360,000          | \$0                | \$0              | \$0              | \$1,265,000                   |
| <b>GRAND TOTAL</b>                   | <b>\$3,941,000</b> | <b>\$2,587,000</b> | <b>\$5,616,545</b> | <b>\$325,000</b> | <b>\$763,000</b> | <b>\$10,240,000</b>           |

<sup>3</sup> This column reflects original proposed totals, which may differ from actual on completion of the five year plan.

#### **§ 54.209(a)(2) – Outage Information**

In its annual report an ETC is required to provide detailed information on any outage, as the term is defined in 47 C.F.R. §4.5, of at least 30 minutes in duration for each service area in which an ETC is designated for any facilities it owns, operates, leases, or otherwise utilizes that potentially affect (a) at least ten percent of the end users served in a designated service area; or (b) a 911 special facility.

During the past twelve months, SCATUI experienced no outages of 30 minutes or longer that affected at least 10% of its end users.

#### **§ 54.209(a)(3) – Unfilled Service Requests**

During the past twelve months, SCATUI has had no unfilled service requests.

#### **§ 54.209(a)(4) – Customer Complaints**

During the past year, SCATUI received an average of twenty-two complaints (trouble reports) monthly per 1,000 access lines.

#### **§ 54.209(a)(5) – Service Quality and Consumer Protection Certification**

As a company owned by the San Carlos Apache Tribe, it is reasonable that SCATUI operates under service quality standards and customer protections that are in the best interest of its customers, who are mostly members of the Tribe. The rates, terms and conditions under which SCATUI operates are outlined in its Local Exchange Tariff which was modeled after the tariffs of state regulated small rural ILECs, although SCATUI itself is not regulated by the Arizona Corporation Commission (ACC). SCATUI modifies its tariff from time to time with approval of, or at the request of the Tribal Council. The Company's tariff contains provisions regarding its customer service and protection practices, including resolving disputes with the Company, applying for service, the classification of business and residential rates, deposits, billing and payment for service, refusal, disconnection and cancellation of service. The tariff is available for customer review in the Business Office, as requested. Rates and terms of service are disclosed to customers upon application for service both verbally and in writing as part of a packet of information for new customers. Rates, applications and certain terms of service are also available on SCATUI's website [www.scatui.net](http://www.scatui.net).

Service quality standards are established by the SCATUI Board of Directors with a Tribal Council liaison sitting on the Board. Monthly reports on service quality compliance are provided to the Board, with periodic updates to the Tribal Council.

Certification that the Company is complying with applicable service quality standards and consumer protection rules is included as Appendix B.

#### **§ 54.209(a)(6) – Ability to Remain Functional in an Emergency Situation**

SCATUI's network is designed to remain functional in an emergency situation. Standby power generators are supplied at the central office, remote switch sites, and repeater sites to ensure functionality without an external power source until power is restored, so long as fuel is available. The network is capable of managing traffic spikes resulting from emergency situations.

SCATUI has a restoration plan in place to restore any disruption in service expeditiously, including splicing of damaged facilities when warranted. SCATUI has installed three Sonet fiber rings that increase the survivability of its network. Implementation of the rings allows SCATUI to maintain service to their remote electronic sites in the event of a fiber outage, making SCATUI's network efficient, economical, and reliable.

Certification that the Company is able to function in emergency situations is included as Appendix B.

**§ 54.209(a)(7) – Local Usage Plan Certification**

An ETC is required to certify that it is offering a local usage plan comparable to that offered by the incumbent LEC. Because SCATUI is the incumbent LEC, this certification is not logically applicable to SCATUI. However, recognizing that local usage is a component of the supported services, SCATUI can certify that it offers unlimited minutes of local calling to its customers throughout its service area.

Certification to the availability of unlimited minutes of local calling is included as Appendix B.

**§54.209(a)(8) – Equal Access Certification**

An ETC is required to provide certification acknowledging that the Commission may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within its service area. As the incumbent LEC, SCATUI currently provides equal access to long distance carriers pursuant to §51.209.

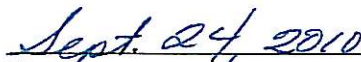
Certification to equal access provisioning is included as Appendix B.

VERIFICATION

I, Shirley Ortiz, do hereby declare under penalty of perjury as follows: I have read the foregoing report and to the best of my knowledge and belief, the facts stated therein are true.

San Carlos Apache Telecommunications Utility, Inc.

  
\_\_\_\_\_  
Shirley Ortiz  
Chief Executive Officer

  
\_\_\_\_\_  
Date


Certifications Pursuant to §54.209

I, Shirley Ortiz, do hereby declare, to the best of my knowledge and belief, under penalty of perjury the following:

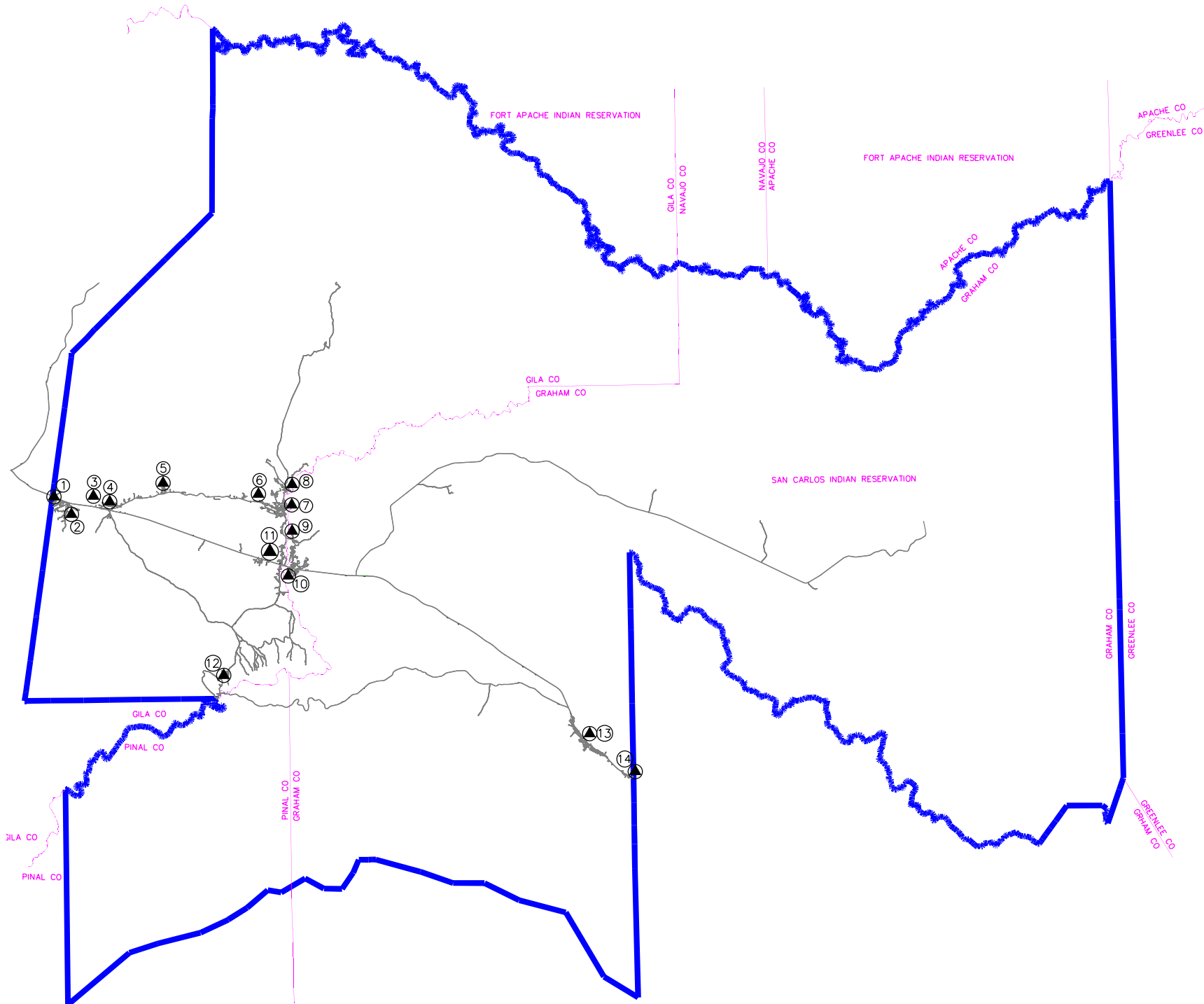
1. San Carlos Apache Telecommunications Utility, Inc. (SCATUI or the Company) complies with service quality standards and consumer protection rules as initially agreed upon by the San Carlos Tribal Council and as provided in the Company's tariffs.
2. SCATUI is able to function in emergency situations. SCATUI has a reasonable amount of back-up power to ensure functionality without an external power source, and is capable of managing traffic spikes. SCATUI has the ability to reroute traffic around damaged facilities due to the installation of three Sonet fiber rings and there is a restoration plan in place for the expeditious recovery of service.
3. As an incumbent ILEC, SCATUI offers service plans to its customers with unlimited minutes of local calling throughout the service area.
4. SCATUI provides equal access to long distance carriers pursuant to §51.209.

San Carlos Apache Telecommunications Utility, Inc.

  
\_\_\_\_\_  
Shirley Ortiz, Chief Executive Officer

  
\_\_\_\_\_  
Date

# APPENDIX C



## General Notes

1. West Boundary
2. Beverly Hills
3. Casino
4. Cutter
5. Skill Center
6. Detention Center
7. North San Carlos
8. Airport 79
9. Again Bridge
10. Moonbase
11. C.O.
12. Coolidge Dam
13. Bylas
14. East Boundary

Drawn By: ATH

File: \Exchange Map.dwg



| No. | Revision/Issue | Date |
|-----|----------------|------|
|     |                |      |

Made By:

8518 Urbana Ave.  
Lubbock, Texas 79424  
Office: 806-866-9900 Fax: 806-771-4466

SCATUI

|         |          |       |
|---------|----------|-------|
| Project | AZ 512   | Sheet |
| Date    | 09/18/06 |       |
| Scale   | N.T.S.   |       |

## APPENDIX C

### EXCHANGE AREA MAP DESCRIPTION

The numbered circles with triangles are locations at which SCATUI has transfer nodes for its network. The names of the locations generally relate to the community or subdivision name with the exception of #11, the central office at Peridot. The main highway through the San Carlos Apache Reservation is U.S. 70, which runs from #1 (West Boundary) to #14 (East Boundary). The nearest population center outside the Reservation is Globe, AZ (population 6,000) a few miles to the west of #1.